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China says U.S. accusations of unfair trade practices 'groundless'



BEIJING (Reuters) - China rejected fresh U.S. accusations of perpetuating “unfair” trade practices and urged Washington on Thursday to stop making provocations, showing little sign of backing down days ahead a high-stakes meeting between leaders from both countries.

President Xi Jinping is due to hold talks with U.S President Donald Trump during a G20 summit in Argentina at the end of the month, with the rest of the world hoping they can find a way to de-escalate a trade war that is threatening the global economy.

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China's commerce ministry said it is deeply concerned by a report issued by the U.S. administration this week, which said China had failed to alter its "unfair" practices.

"The U.S side made new groundless accusations against the Chinese side, and China finds it totally unacceptable," Commerce Ministry spokesman Gao Feng told reporters at a news conference in Beijing.

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The findings were issued in an update of the U.S. Trade Representative's "Section 301" investigation, which looks into China's intellectual property and technology transfer policies and has sparked U.S. tariffs on \$50 billion worth of Chinese goods that later ballooned to \$250 billion.

Gao said the report reflects U.S. unilateralism in violation of World Trade Organization rules.

"We hope the United States will drop the words and behaviors that damage bilateral economic and trade relations and adopt a constructive attitude," Gao said.



FILE PHOTO: Shipping containers are seen at a port in Shanghai, China July 10, 2018. REUTERS/Aly Song/File Photo

The ministry is also evaluating the potential impact from a separate U.S. proposal this week to increase control over technology exports, and said it would take the necessary steps to uphold Chinese firms' legitimate interests.

Citing security concerns, the U.S. government on Monday proposed stepping up scrutiny over technology exports in 14 key high-tech areas including artificial intelligence and microprocessor technology, a move that many analysts view as directly targeting China.

A 30-day public consultation period on the proposal to include those sectors in its broader export control regime is underway and will end on Dec. 19, according to a document published on the U.S. government's Federal Register on Monday.

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"We are evaluating the measures that the United States may take," Gao said, stressing that Washington's generalization of the concept on national security would only result in unnecessary

barriers and damage trade.

“China will pay close attention to the relevant U.S. legislation and take necessary measures to safeguard the legitimate rights and interests of Chinese enterprises as appropriate,” he said.

Washington is demanding Beijing to improve market access and intellectual property protections for U.S. companies, cut industrial subsidies and slash a \$375 billion trade gap. Trump has imposed tariffs on \$250 billion of Chinese imports to force concessions.

The U.S. tariff rate on \$200 billion in Chinese goods is set to increase to 25 percent from 10 percent on Jan. 1. Trump has threatened to impose tariffs on all remaining Chinese imports - about \$267 billion more in goods - if Beijing fails to address U.S. demands.

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